

## Message Text

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DRAFTED BY: ARA:HWSHLAUDEMAN/ARA:BC:JKARKASHIAN

APPROVED BY: ARA:HWSHLAUDEMAN

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P 111725Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO PRIORITY

C O N F I D E N T I A L S T A T E 0 4 8 2 1 2

EXDIS

C O R R E C T E D C O P Y (PARA 3 LINE 10 OMITTED)

E.O. 11652: GDS

TAGS: EIND, US, CI

SUBJECT: COPPER

1. RAUL SAEZ, ACCCOMPANIED BY AMBASSADOR HEITMANN AND CARLOS MASSAD, CALLED AT DEPARTMENT MARCH 8 IN RESPONSE TO OUR REQUEST. WE REGISTERED OUR SATISFACTION WITH THE PROGRESS ON CERRO, BUT INDICATED CONCERN OVER APPARENT LACK OF MOVEMENT ON SUBSTANTIVE ISSUES IN OTHER COMPENSATION PROBLEMS. WE NOTED IN PARTICULAR ANACONDA'S VIEW THAT PHILLIPI'S DILIGENCE IN EXPLORING LEGAL SOLUTIONS DID NOT SEEM TO BE MATCHED BY ACTIVITY ON THE ECONOMIC TRACK; I.E., IN PROCEEDING TOWARD AGREEMENT AS TO AMOUNTS AND CONDITIONS OF COMPENSATION PAYMENTS.

2. SAEZ REPORTED HIS UNDERSTANDING THAT MURPHY WOULD TRAVEL TO SANTIAGO MARCH 11 TO SIGN FINAL AGREEMENT. HE WAS CONFIDENT THAT WITH CERRO OUT OF THE WAY, PROGRESS ON ANACONDA WOULD SOON BE APPARENT. PHILLIPI WOULD BE COMING TO WASHINGTON THE THIRD WEEK IN MARCH TO RESUME DISCUSSIONS WITH THE COMPANIES. SAEZ SAID HE WOULD TAKE A HAND IN THE ANACONDA CASE AT THE OPPORTUNE MOMENT, JUST AS HE HAD IN

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THE CERRO MATTER. HE PREDICTED A FINAL AND SATISFACTORY

RESOLUTION BEFORE THE END OF NEXT MONTH.

3. SAEZ WAS LESS CONFIDENT WITH RESPECT TO THE KENNECOTT DISPUTE. HE NOTED THAT PHILLIPI HAD OFFERED TO CONDUCT JOINT EXAMINATION WITH THE COMPANY OF THE FACTS INVOLVED BUT THAT KENNECOTT HAD DECLINED, PREFERING TO HAVE PHILLIPI FIRST MAKE HIS OWN REVIEW INDEPENDENTLY AFTER WHICH BOTH PARTIES COULD BEGIN SERIOUS NEGOTIATIONS. SAEZ SAID HE COULD UNDERSTAND THE COMPANY'S POSITION ON THIS POINT. HE VOLUNTEERED THAT KENNECOTT HAD "BEHAVED" VERY WELL, NOTING THAT WHEN HE HAD SENT PERSONAL TELEGRAM TO MILLIKEN ASKING THAT KENNECOTT SUSPEND LEGAL ACTION IN GERMANY, MILLIKEN HAD IMMEDIATELY RESPONDED FAVORABLY ON THE BASIS OF THAT PRIVATE COMMUNICATION.

4. SAEZ ALSO VOLUNTEERED THAT HE FULLY UNDERSTOOD ANACONDA AND KENNECOTT DISCLAIMERS ON THE REUTERS DISPATCH FROM PARIS ALLEGING THAT HE HAD STATED CHILE WOULD PAY COMPENSATION TO THE MAJOR COPPER COMPANIES RANGING FROM \$300-\$600 MILLION. SAEZ EXPLAINED THAT THE REUTERS REPORTER HAD IN EFFECT PUT WORDS INTO HIS MOUTH IN THE COURSE OF BRIEF INTERVIEW. HE ASSERTED THAT HE OBVIOUSLY COULD NOT VOLUNTEER ANY SUCH GUESS AS TO WHAT AMOUNTS MIGHT BE FORTHCOMING AS COMPENSATION TO THE COMPANIES. KISSINGER

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